

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-05 H-01
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R 160625Z AUG 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 2981
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION USUN NY
AMCONSUL ISTANBUL
AMCONSUL IZMIR
AMCONSUL ADANA

C O N F I D E N T I A L SECTION 1 OF 2 ANKARA 5875

USEEC USOECD

E.O. 11652: GDS
TAGS: EGEN, TU
SUBJECT: ECEVIT SPEECH TO ISTANBUL NIEO CONFERENCE

REF: ISTANBUL 2444

1. PRIME MINISTER ECEVIT'S SPEECH KEYNOTING THE
ISTANBUL CONFERENCE ON THE NEW INTERNATIONAL ECONOMIC
ORDER (NIEO), AUGUST 7, WAS A TRENCHANT EXPRESSION OF
HIS DISSATISFACTION WITH THE CURRENT ECONOMIC ORDER AND
THE INSTITUTIONS WHICH CONTROL IT. ECEVIT CRITICIZES
THE DEVELOPING COUNTRIES AND INTERNATIONAL LENDING
INSTITUTIONS FOR FORCING THE DEVELOPING COUNTRIES
TO STAGNATION IN THE NAME OF STABILITY. HE ARGUES THAT
STABILITY WITH NO GROWTH ONLY WIDENS THE GAP
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BETWEEN DEVELOPED AND DEVELOPING COUNTRIES AND
RESULTS IN SOCIAL AND POLITICAL CRISES DUE TO THE
SLOWING DOWN OF DEVELOPMENT OR INCREASING UNEMPLOYMENT.
ECEVIT ASSERTS THAT THE PROPER CONCEPT FOR DEVELOPMENT
SHOULD BE "DYNAMIC STABILITY" (PRESUMABLY STABILITY
WITH GROWTH). SUCH A CONCEPT WOULD ENABLE DEVELOPING
COUNTRIES TO AVOID UPHEAVALS AND TENDENCIES TO ESTABLISH

AUTHORITARIAN REGIMES.

2. ECEVIT CLAIMS THAT IT IS NO COINCIDENCE THAT AUTHORITARIAN REGIMES ARE GAINING GROUND IN DEVELOPING COUNTRIES AND CHARGES THAT SUCH TENDENCIES ARE ABETTED BY MULTINATIONAL CORPORATIONS WHICH ARE UNEASY WITH DEMOCRACY AND PREFER THE DOCILE, LOW-WAGED LABOR FORCES THAT AUTHORITARIAN REGIMES CAN OFFER.

3. ECEVIT COMPLAINS THAT BASIC INDUSTRIES WITH ADVANCED TECHNOLOGY ARE CONCENTRATED IN DEVELOPED COUNTRIES GIVING THEM A DISPROPORTIONATE SHARE OF THE BENEFITS OF INDUSTRIALIZATION WHILE DEVELOPING COUNTRIES RECEIVE CONSUMER GOODS INDUSTRIES WHICH LIMIT THE POSSIBILITIES FOR SUCH COUNTRIES TO INCREASE THEIR RESOURCES FOR PRODUCTIVE AND REGENERATING INVESTMENTS TO SPEED UP DEVELOPMENT.

4. ECEVIT PROPOSES THREE LINES OF POLICY WHICH DEVELOPING COUNTRIES SHOULD PURSUE TO CHANGE THE CURRENT ECONOMIC ORDER:

--DEVELOPING COUNTRIES SHOULD INCREASE THEIR SOLIDARITY, ECONOMIC COOPERATION AND JOINT EFFORTS FOR ADOPTING AND DEVELOPING TECHNOLOGY;
--THE INCREASED STRENGTH WHICH WOULD ACCRUE TO DEVELOPING COUNTRIES SHOULD BE USED TO INCREASE CONFIDENTIAL

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TRADE EFFECTIVENESS AND INFLUENCE INTERNATIONAL FINANCIAL ORGANIZATIONS; AND
--DEVELOPING COUNTRIES SHOULD SUBSCRIBE TO A DIFFERENT DEVELOPMENT CONCEPT THAT "GIVES PRIORITY TO . . . MORAL RATHER THAN MATERIAL VALUES."

5. COMMENT. IN LINE WITH REFTTEL FROM ISTANBUL, OUR OFFICIAL CONTACTS HERE IN ANKARA HAVE PLAYED DOWN PROGRAMMATIC SIGNIFICANCE OF ISTANBUL CONFERENCE AND STRONG ECEVIT STATEMENT SUPPORTING NIEO OBJECTIVES. WE AGREE TO SOME DEGREE WITH THIS ASSESSMENT. WE HAVE SEEN LITTLE INDICATION HERE THAT THE TURKISH BUREAUCRACY HAS BEEN GIVEN ORDERS TO GEAR UP FOR MORE ASSERTIVE TURKISH PARTICIPATION IN NORTH-SOUTH DISCUSSIONS. WHILE WE CAN ANTICIPATE INCREASED THIRD-WORLD POSTURING BY TURKISH REPRESENTATIVES IN UN FORA, THE GOVERNMENT HAS NOT YET TAKEN ANY CLEAR STEPS TO MOVE BEYOND RHETORIC TO CONCRETE ACTION.

6. AT THE SAME TIME, THE CHAUVINISTIC, ANTI-DEVELOPED COUNTRY ECONOMIC THEMES SOUNDED BY ECEVIT IN ISTANBUL HAVE STRONG DOMESTIC RESONANCE HERE GIVEN TURKEY'S

CONTINUING PROBLEMS WITH THE IMF AND WESTERN BANKERS.
WHEN ECEVIT PUBLICLY BLAMES THE INTERNATIONAL ECONOMIC
SYSTEM AND INTERNATIONAL FINANCIAL INSTITUTIONS FOR
DEVELOPING COUNTRY ECONOMIC DIFFICULTIES, HE UNDERCUTS
THOSE WITHIN HIS OWN GOVERNMENT WHOSE RESPONSIBILITY
IT IS TO NEGOTIATE REALISTICALLY WITH THOSE SAME
INSTITUTIONS. ONLY A HANDFUL OF MINISTERS AND
HIGH OFFICIALS BOTH UNDERSTAND THE SEVERITY OF
TURKEY'S ECONOMIC PROBLEMS AND THE DEGREE OF
DISCIPLINE WHICH WILL BE REQUIRED TO COME TO GRIPS
WITH THEM. ECEVIT'S STATEMENT HAS HAD THE EFFECT
OF FURTHER CLOUDING THE POLITICAL ATMOSPHERE IN WHICH DIFFICULT
ECONOMIC DECISIONS WILL HAVE TO BE
ADDRESSED IN THE COMING MONTHS.
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7. TURKISH PRESS REACTION TO THE ISTANBUL RHETORIC HAS BEEN QUITE FAVORABLE. ECEVIT'S DEFIANT STYLE STRIKES A VERY LIVE TURKISH NERVE WITH ECHOES BACK ALL THE WAY TO PUBLIC OPPOSITION TO THE OTTOMAN CAPITULATIONS. ECEVIT UNDERSTANDS THE POPULARITY OF SUCH A STANCE AND WILL USE IT TO HIS DOMESTIC POLITICAL ADVANTAGE IF THE AGREEMENT WITH THE IMF FALLS APART. PERHAPS MORE SERIOUSLY, SUCH POSTURING COULD HAVE THE EFFECT OF POLITICALLY BOXING IN ECEVIT AND HIS GOVERNMENT IN THE EVENT OF A FUTURE ECONOMIC CONFRONTATION. THUS, ECEVIT WILL RUN THE RISK OF HAVING HIS DEFIANT WORDS THROWN BACK AT HIM IN SOME FUTURE CRISIS IF HE TRIES TO REACH AN ACCOMMODATION WITH INTERNATIONAL BANKERS AND FINANCIAL INSTITUTIONS WHICH MIGHT BE OPPOSED BY ECONOMIC NATIONALISTS
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BOTH IN HIS OWN GOVERNMENT AND IN THE OPPOSITION.

8. IT SHOULD ALSO BE NOTED THAT THE SPEECH IS A REFLECTION ON THE INTERNATIONAL PLANE OF ECEVIT'S DESIRE TO RESTRUCTURE THE DOMESTIC ECONOMY. TWO PRIME EXAMPLES OF THIS APPROACH ARE HIS TAX REFORM BILL AND HIS "SOCIAL CONTRACT" WITH LABOR. EACH OF THESE MEASURES ATTEMPTS TO "...ESTABLISH A FAIR ECONOMIC ORDER IN TURKEY..." THE TAX BILL, BY LIGHTENING THE TAX BURDEN ON LOW INCOME WORKERS WHILE INCREASING IT FOR THE RICH, THE SOCIAL CONTRACT BY GRANTING PROPORTIONATELY LARGER WAGE INCREASES TO LOWER INCOME WORKERS WHICH SIGNIFICANTLY REDUCES THE WAGE SPECTRUM FROM TOP TO BOTTOM. WHILE THESE INITIATIVES ARE CONSONANT WITH THE ECEVIT GOVERNMENT'S PHILOSOPHY, THEY DO NOTHING TO SOLVE (AND MAY EVEN AGGRAVATE) THE CURRENT PROBLEMS FACING THE TURKISH ECONOMY. MORE EQUITABLE DISTRIBUTION OF A SHRINKING PIE WILL SATISFY NO ONE, AND FEW IN TURKEY WOULD SUBSCRIBE TO ECEVIT'S REJECTION OF CONSUMERISM FOR A DEVELOPMENT CONCEPT BASED ON MORAL RATHER THAN MATERIAL VALUES.
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